



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

David A. Vaudt, CPA
Auditor of State

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NEWS RELEASE

FOR RELEASE March 14, 2003

Contact: Andy Nielsen
515/281-5515

The Office of Auditor of State today released an audit report on Jones County, Iowa.

The County had local tax revenue of \$18,365,940 for the year ended June 30, 2002, which included \$1,231,251 in tax credits from the state. The County forwarded \$14,044,054 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,320,986 of the local tax revenue to finance County operations, a 4 percent increase from the prior year. Other revenues included \$4,503,942 from the state, including indirect federal funding, \$258,632 from direct federal grants and entitlements, \$526,171 in local option sales tax, and \$203,348 in interest on investments.

Expenditures for County operations totaled \$9,875,177, a less than one percent decrease from the prior year. Expenditures included \$3,519,321 for roads and transportation, \$2,156,418 for mental health and \$1,465,341 for public safety.

A copy of the audit report is available for review in the office of the Auditor of State and the County Auditor's office.

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JONES COUNTY
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2002

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5
General Purpose Financial Statements:	<u>Exhibit</u>	
Combined Balance Sheet – All Fund Types and Account Groups	A	8-11
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Fund	B	12-13
Comparison of Receipts, Disbursements and Changes in Balances – Actual to Budget (Cash Basis) - All Governmental Fund Types and Expendable Trust Fund	C	14
Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type	D	15
Statement of Cash Flows - Proprietary Fund Type	E	16
Notes to Financial Statements		18-28
Supplemental Information:	<u>Schedule</u>	
General Fund:		
Statement of Revenues, Expenditures and Changes in Fund Balance	1	31-33
Statement of Expenditures	2	34-37
Special Revenue Funds:		
Combining Balance Sheet	3	38-39
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	4	40-51
Trust and Agency Funds:		
Combining Balance Sheet	5	52-55
Combining Statement of Changes in Assets and Liabilities – Agency Funds	6	56-59
Comparison of Taxes and Intergovernmental Revenues	7	60
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting		61-62
Schedule of Findings		63-66
Staff		67

Jones County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expire</u>
Leo M. Cook	Board of Supervisors	Jan 2003
Joe Cruise	Board of Supervisors	Jan 2003
Dan E. Lambertsen	Board of Supervisors	Jan 2003
Keith C. Dirks	Board of Supervisors	Jan 2005
Merlin D. Moore	Board of Supervisors	Jan 2005
Janine Sulzner	County Auditor	Jan 2005
Janice M. Miller	County Treasurer	Jan 2003
Marie Krutzfield	County Recorder	Jan 2003
Mark J. Denniston	County Sheriff	Jan 2005
Connie Sue Ricklefs	County Attorney	Jan 2003
Arnie Andreesen	County Assessor	Jan 2004

Jones County



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Independent Auditor's Report

To the Officials of Jones County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Jones County, Iowa, as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of Jones County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Jones County at June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of governmental fund types and expendable trust fund of Jones County for the year ended June 30, 2002.

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2002 on our consideration of Jones County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 3, 2002

Jones County

Financial Information

Jones County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund Types	
	General	Special Revenue
Assets and Other Debits		
Cash and pooled investments:		
County Treasurer	\$ 1,250,248	4,968,333
Other County officials	-	-
Community Care Incorporated	-	64,543
Receivables:		
Property tax:		
Delinquent	3,835	2,566
Succeeding year	2,454,000	1,793,000
Interest and penalty on property tax	11,966	-
Accounts	11,977	12,030
Accrued interest	13,044	-
Special assessments	-	-
Due from other funds (note 7)	10,855	3,045
Due from other governments	78,280	381,311
Prepaid expenditures (note 5)	-	71,054
Inventories	-	270,898
Property and equipment (note 3)	-	-
Amount to be provided for retirement of general long-term debt	-	-
	\$ 3,834,205	7,566,780

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
-	794,439	-	-	7,013,020
49,688	178,710	-	-	228,398
-	-	-	-	64,543
-	19,392	-	-	25,793
-	13,083,000	-	-	17,330,000
-	-	-	-	11,966
107,828	38,121	-	-	169,956
-	757	-	-	13,801
-	47,000	-	-	47,000
-	-	-	-	13,900
-	13,769	-	-	473,360
17,153	-	-	-	88,207
-	-	-	-	270,898
-	-	9,495,380	-	9,495,380
-	-	-	117,555	117,555
174,669	14,175,188	9,495,380	117,555	35,363,777

Jones County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund Types	
	General	Special Revenue
Liabilities, Fund Equity and Other Credits		
Liabilities:		
Accounts payable	\$ 67,422	304,247
Salaries and benefits payable	75,412	59,766
Due to other funds (note 7)	2,656	-
Due to other governments (note 8)	10,035	163,264
Trusts payable	-	-
Deferred revenue:		
Succeeding year property tax	2,454,000	1,793,000
Other	18,054	15,067
Capital lease purchase agreement (note 6)	-	-
Compensated absences	19,904	26,963
Total liabilities	2,647,483	2,362,307
Fund equity and other credits:		
Investment in general fixed assets	-	-
Unreserved retained earnings	-	-
Fund balances:		
Reserved for:		
Prepaid expenditures	-	71,054
Inventories	-	270,898
Unreserved:		
Designated for roads and bridges	-	736,673
Designated for courthouse improvements	376,095	64,543
Undesignated	810,627	4,061,305
Total fund equity and other credits	1,186,722	5,204,473
Total liabilities, fund equity and other credits	\$ 3,834,205	7,566,780

See notes to financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
20,424	19,458	-	-	411,551
-	11,763	-	-	146,941
-	11,244	-	-	13,900
-	13,949,714	-	-	14,123,013
-	176,277	-	-	176,277
-	-	-	-	4,247,000
-	-	-	-	33,121
-	-	-	7,129	7,129
-	3,386	-	110,426	160,679
20,424	14,171,842	-	117,555	19,319,611
-	-	9,495,380	-	9,495,380
154,245	-	-	-	154,245
-	-	-	-	71,054
-	-	-	-	270,898
-	-	-	-	736,673
-	-	-	-	440,638
-	3,346	-	-	4,875,278
154,245	3,346	9,495,380	-	16,044,166
174,669	14,175,188	9,495,380	117,555	35,363,777

Exhibit B

Jones County

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
and Expendable Trust Fund

Year ended June 30, 2002

	Governmental Fund Types		Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Fund Type Expendable Trust	
Revenues:				
Property and other County tax	\$ 2,316,068	2,218,769	-	4,534,837
Interest and penalty on property tax	41,304	-	-	41,304
Intergovernmental	953,447	4,542,781	-	5,496,228
Licenses and permits	27,862	14,229	-	42,091
Charges for service	383,428	41,909	-	425,337
Use of money and property	224,367	343	-	224,710
Fines, forfeitures and defaults	3,556	-	-	3,556
Miscellaneous	33,601	21,999	-	55,600
Total revenues	3,983,633	6,840,030	-	10,823,663
Expenditures:				
Operating:				
Public safety	1,459,596	5,745	-	1,465,341
Court services	25,097	-	-	25,097
Physical health and education	173,548	124,072	-	297,620
Mental health	-	2,156,418	-	2,156,418
Social services	281,265	-	-	281,265
County environment	374,541	47,123	-	421,664
Roads and transportation	127,090	3,392,231	-	3,519,321
State and local government services	336,206	1,435	-	337,641
Interprogram services	974,493	-	-	974,493
Non-program	30,238	-	-	30,238
Capital projects	-	366,079	-	366,079
Total expenditures	3,782,074	6,093,103	-	9,875,177
Excess of revenues over expenditures	201,559	746,927	-	948,486

Jones County

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
and Expendable Trust Fund

Year ended June 30, 2002

	Governmental Fund Types		Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Fund Type Expendable Trust	
Other financing sources (uses):				
Sale of general fixed assets	2,712	-	-	2,712
Operating transfers in	849	1,030,075	-	1,030,924
Operating transfers out	(68,424)	(962,500)	-	(1,030,924)
Total other financing sources (uses)	(64,863)	67,575	-	2,712
Excess of revenues and other financing sources over expenditures and other financing uses	136,696	814,502	-	951,198
Fund balances beginning of year	1,050,026	4,309,642	3,346	5,363,014
Increase (decrease) in reserve for:				
Prepaid expenditures	-	(3,229)	-	(3,229)
Inventories	-	83,558	-	83,558
Fund balances end of year	\$ 1,186,722	5,204,473	3,346	6,394,541

See notes to financial statements.

Exhibit C

Jones County

Comparison of Receipts, Disbursements and Changes in Balances -
Actual to Budget (Cash Basis) All Governmental Fund Types
and Expendable Trust Fund

Year ended June 30, 2002

	Actual	Amended Budget	Variance - Favorable (Unfavorable)	Actual as % of Amended Budget
Receipts:				
Property and other County tax	\$ 4,563,434	4,555,273	8,161	100%
Interest and penalty on property tax	41,622	41,550	72	100%
Intergovernmental	5,472,438	5,350,975	121,463	102%
Licenses and permits	42,604	37,610	4,994	113%
Charges for service	414,789	427,079	(12,290)	97%
Use of money and property	243,666	246,732	(3,066)	99%
Fines, forfeitures and defaults	3,556	1,200	2,356	296%
Miscellaneous	63,250	53,769	9,481	118%
Total receipts	10,845,359	10,714,188	131,171	101%
Disbursements:				
Public safety	1,486,448	1,486,401	(47)	100%
Court services	27,680	30,038	2,358	92%
Physical health and education	293,696	301,409	7,713	97%
Mental health	2,227,880	2,292,782	64,902	97%
Social services	288,445	331,645	43,200	87%
County environment	418,194	430,075	11,881	97%
Roads and transportation	3,467,820	3,596,038	128,218	96%
State and local government services	336,392	339,763	3,371	99%
Interprogram services	979,387	999,375	19,988	98%
Non-program	23,894	28,116	4,222	85%
Capital projects	406,347	600,000	193,653	68%
Total disbursements	9,956,183	10,435,642	479,459	95%
Excess of receipts over disbursements	889,176	278,546		
Other financing sources, net	2,712	7,712		
Excess of receipts and other financing sources over expenditures and other financing uses	891,888	286,258		
Balance beginning of year	5,330,039	5,327,168		
Balance end of year	\$ 6,221,927	5,613,426		

See notes to financial statements.

Jones County

Statement of Revenue, Expenses and Changes in Retained Earnings

Proprietary Fund Type

Year ended June 30, 2002

		Internal Service - Employee Group Health
Operating revenues:		
Contributions from other funds		\$ 783,101
Contributions from others		9,703
Refunds and reimbursements		154,483
Total operating revenues		947,287
Operating expenses:		
Medical claims paid	\$ 637,704	
Insurance premiums	146,631	
Administrative fees	18,803	
Wellness program	3,892	
Operating income		807,030
Operating income		140,257
Non-operating revenues:		
Interest on investments		1,379
Net income		141,636
Retained earnings beginning of year		12,609
Retained earnings end of year		\$ 154,245

See notes to financial statements.

Exhibit E

Jones County
Statement of Cash Flows
Proprietary Fund Type
Year ended June 30, 2002

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund contributions	\$ 783,101
Cash received from others	68,135
Cash payments to suppliers for services	<u>(877,768)</u>
Net cash used by operating activities	(26,532)
Cash flows from investing activities:	
Interest on investments	<u>1,379</u>
Net decrease in cash and cash equivalents	(25,153)
Cash and cash equivalents at beginning of year	<u>74,841</u>
Cash and cash equivalents at end of year	<u><u>\$ 49,688</u></u>
Reconciliation of operating income to net cash used by operating activities:	
Operating income	\$ 140,257
Adjustments to reconcile operating income to net cash used by operating activities:	
(Increase) in accounts receivable	(96,051)
(Decrease) in accounts payable	(53,585)
(Increase) in prepaid items	<u>(17,153)</u>
Net cash used by operating activities	<u><u>\$ (26,532)</u></u>

See notes to financial statements.

Jones County

Jones County

Notes to Financial Statements

June 30, 2002

(1) Summary of Significant Accounting Policies

Jones County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

A. Reporting Entity

For financial reporting purposes, Jones County has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Jones County Assessor's Conference Board, Jones County Emergency Management Commission, and Jones County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

The County also participates in the following additional jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Jones County Solid Waste Management Commission, Multi-County Cooperative Child Support Agreement, East Central Iowa Employment and Training Consortium, Medical Emergency Response Group, Eastern Iowa Regional Housing Authority, Jones County Crime Commission, Jones County Economic Development Commission and Jones County Communications Commission.

B. Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures or expenses. The various funds and account groups and their designated purposes are as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue Funds - The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Proprietary Fund

Internal Service Fund - The Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost-reimbursement basis.

Fiduciary Funds

Trust Funds - The Trust Funds are used to account for assets held by the County in a trustee capacity. These include an expendable trust fund which is accounted for in essentially the same manner as Governmental Funds.

Agency Funds - The Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

Account Groups

General Fixed Assets - This account group is established to account for the general fixed assets of the County.

General Long-Term Debt - This account group is established to account for long-term debt of the County. Long-term liabilities expected to be financed from Governmental Funds are accounted for in this account group, not in the Governmental Funds.

C. Measurement Focus

Governmental Funds and Expendable Trust Funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available spendable resources.” Governmental Fund and Expendable Trust Fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Proprietary Funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity, net total assets, is reported as retained earnings. Proprietary Fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

In reporting the financial activity of its proprietary funds, the County applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

The assets and liabilities of the Agency Funds are accounted for using the modified accrual basis of accounting.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

E. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash and Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in Governmental Fund types is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2000 assessed property valuations; is for the tax accrual period July 1, 2001 through June 30, 2002 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2001.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which are due and payable but have not been collected.

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2002, balances of interfund amounts receivable or payable have been recorded.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

General Fixed Assets - General fixed assets are recorded as expenditures in the Governmental Funds and are capitalized (recorded and accounted for) in the General Fixed Assets Account Group. Assets in this account group are recorded at historical cost. Assets acquired by gift are accounted for at fair market value at the date of the gift. The General Fixed Assets Account Group excludes public domain or "infrastructure" general fixed assets such as roads, bridges, curbs, gutters, streets, sidewalks and similar assets that are immovable and of value only to the government.

In accordance with standards set forth by the Governmental Accounting Standards Board, depreciation expense is not recorded on the balance sheet for general fixed assets. At the time an asset is removed from service, the cost is removed from the General Fixed Assets Account Group. Maintenance and repairs are recorded as expenditures in the Governmental Funds as incurred and are not capitalized.

During the year ended June 30, 2002, no interest costs were capitalized since the County's policy is not to capitalize interest costs on assets constructed or acquired with tax-exempt debt paid for from annual debt services levies.

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. For the Agency Funds, these accumulations are recorded as liabilities in the year earned. In the Governmental Funds, the cost of vacation and sick leave payments expected to be liquidated currently are recorded as liabilities of the Governmental Fund. A liability has been recorded in the General Long-Term Debt Account Group representing the County's commitment to fund non-current compensated absences. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2002.

Unreserved Retained Earnings – The unreserved retained earnings of the Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

F. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except internal service and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 12 major classes of expenditures known as service areas, not by fund or fund type. These 12 service areas are: public safety, court services, physical health and education, mental health, social services, county environment, roads and transportation, state and local government services, interprogram services, non-program, debt service and capital projects. Service area disbursements required to be budgeted include disbursements for the general fund, special revenue funds and the expendable trust fund. Although the budget document presents service area disbursements by fund, the legal level of control is at the aggregated service area level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for Emergency Management Services by the County Emergency Management Services Commission and for the E911 System by the Joint E911 Service Board.

Exhibit C is a comparison of cash basis receipts, disbursements and changes in balances with the cash basis budget, which is legally controlled by service area, not fund type. Operations and ending fund balances on the cash and modified accrual basis have been reconciled as follows:

	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	\$ 4,005,626	(21,993)	3,983,633	6,839,733	297	6,840,030
Expenditures	3,792,245	(10,171)	3,782,074	6,163,938	(70,835)	6,093,103
Net	213,381	(11,822)	201,559	675,795	71,132	746,927
Other financing sources (uses)	(64,863)	-	(64,863)	67,575	-	67,575
Beginning fund balances	1,101,730	(51,704)	1,050,026	4,224,963	84,679	4,309,642
Increase (decrease) in reserve for:						
Prepaid expenditures	-	-	-	-	(3,229)	(3,229)
Inventories	-	-	-	-	83,558	83,558
Ending fund balances	\$ 1,250,248	(63,526)	1,186,722	4,968,333	236,140	5,204,473

	Fiduciary Fund Type					
	Expendable Trust			Total		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	\$ -	-	-	10,845,359	(21,696)	10,823,663
Expenditures	-	-	-	9,956,183	(81,006)	9,875,177
Net	-	-	-	889,176	59,310	948,486
Other financing sources (uses)	-	-	-	2,712	-	2,712
Beginning fund balances	3,346	-	3,346	5,330,039	32,975	5,363,014
Increase (decrease) in reserve for:						
Prepaid expenditures	-	-	-	-	(3,229)	(3,229)
Inventories	-	-	-	-	83,558	83,558
Ending fund balances	\$ 3,346	-	3,346	6,221,927	172,614	6,394,541

G. Total (Memorandum Only)

The total column on the combined balance sheet and the combined statement of revenues, expenditures and changes in fund balances is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2002 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

(3) Property and Equipment

A summary of changes in property and equipment comprising general fixed assets for the year ended June 30, 2002 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 593,557	171,546	-	765,103
Buildings	2,003,257	70,785	-	2,074,042
Equipment	6,534,805	216,090	94,660	6,656,235
Total	<u>\$ 9,131,619</u>	<u>458,421</u>	<u>94,660</u>	<u>9,495,380</u>

Equipment includes \$9,096 of assets acquired under capital leases.

(4) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$191,786, \$200,506 and \$183,661 respectively, equal to the required contributions for each year.

(5) Prepaid Rental Agreement

In November, 1999, the County entered into a 28E agreement with the Iowa Department of Transportation for the cooperative construction of transportation maintenance facilities for the purpose of storing and maintaining transportation related equipment, materials and supplies. The property is owned by the Iowa Department of Transportation. The agreement was for twenty-five years and will be renewable for an additional twenty-five years. The County is responsible for a portion of the operational costs and future improvements.

The County has elected to amortize prepaid expenditures of \$80,743 over 25 years. At June 30, 2002, the unamortized prepaid expenditure balance was \$71,054.

(6) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2002 is as follows:

	Capital Lease Purchase Agreement	Compensated Absences	Total
Balance beginning of year	\$ 9,096	109,285	118,381
Additions	-	1,141	1,141
Reductions	1,967	-	1,967
Balance end of year	<u>\$ 7,129</u>	<u>110,426</u>	<u>117,555</u>

Capital Lease Purchase Agreement

The County has entered into an agreement to lease a mower under a non-cancelable capital lease. The following is a schedule of the future minimum lease payments, including interest at 9.75% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2002:

Year Ending June 30,	Amount
2003	\$ 2,854
2004	2,854
2005	<u>2,854</u>
Total minimum lease payments	8,562
Less amount representing interest	<u>(1,433)</u>
Present value of net minimum lease payments	<u>\$ 7,129</u>

Payments under this capital lease agreement for the year ended June 30, 2002 totaled \$2,854.

(7) Due from and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2002 is as follows:

Receivable Fund	Payable Fund	Amount
General	Trust and Agency:	
	County Auditor	\$ 25
	County Recorder	793
	County Sheriff	1,100
	County Treasurer	103
	Sanitation	50
	Jones Elderly Transportation System	25
	County Conservation	50
	County Attorney	25
	County Engineer	200
	County Relief	50
	Auto License and Use Tax	<u>8,434</u>
		<u>10,855</u>
Special Revenue:		
Secondary Roads	General	2,656
Jail Commissary	Trust and Agency:	
	County Sheriff	<u>389</u>
		<u>3,045</u>
Total		<u>\$ 13,900</u>

(8) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax for the succeeding year. The tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund Amount</u>	<u>Description</u>	
General	Services	<u>\$ 10,035</u>
Special Revenue:		
Secondary Roads	Services	3,752
Mental Health	Services	159,351
Resources Enhancement and Protection	Services	<u>161</u>
		<u>163,264</u>
Trust and Agency:		
County Assessor	Collections	452,639
Schools		9,203,382
Community Colleges		435,942
Corporations		3,084,198
Townships		170,000
Auto License and Use Tax		250,286
E911 Surcharge		180,479
All other		<u>172,788</u>
		<u>13,949,714</u>
Total		<u>\$ 14,123,013</u>

(9) Employee Group Health Insurance Plan

The Jones County Employee Group Health Fund was established on May 1, 2001, to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by County and employee contributions and is administered through a service agreement with Employee Group Services, LTD. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$25,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Jones County Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Employee Group Services, LTD from the Jones County Employee Group Health Fund. The County records the plan assets, and related liabilities of the Jones County Health Employee Group Fund as an Internal Service Fund. County contributions to the fund for the year ended June 30, 2002 totaled \$783,101.

Amounts payable from the Employee Group Health Fund at June 30, 2002 total \$20,424, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on estimates of the amounts necessary to pay current year claims and to establish a reserve for catastrophic losses. That reserve was \$154,245 at June 30, 2002 and is reported as a designation of the Employee Group Health Fund retained earnings. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10,

which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements did not exceed the stop-loss coverage in the current fiscal year. Information on a reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

Unpaid claims at July 1, 2001	\$ 74,009
Incurred claims (including claims incurred but not reported as of June 30, 2002)	637,704
Payments on claims during the fiscal year	<u>(691,289)</u>
Unpaid claims at June 30, 2002	<u>\$ 20,424</u>

(10) Risk Management

The County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

(11) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed amounts budgeted by Service Area or amounts appropriated by department. During the year ended June 30, 2002, disbursements exceeded the amount budgeted in the Public Safety Service Area.

(12) Related Party Transactions

The County had business transactions between the County and County officials totaling \$21,733 during the year ended June 30, 2002.

Supplemental Information

Jones County

Jones County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues:

Property and other County tax:

Property tax	\$ 2,215,060	
Utility tax replacement excise tax	92,743	
Other	<u>8,265</u>	\$ 2,316,068

Interest and penalty on property tax

41,304

Intergovernmental:

State shared revenues:

Franchise tax	26,451	
Sunday liquor permits	<u>4,775</u>	
	<u>31,226</u>	

State grants and reimbursements including indirect federal funding:

Juvenile justice	1,424	
Human services administrative reimbursements	44,998	
Homemaker health grants	55,109	
Public health nursing and homemaker grants	20,188	
Well testing and closure grant	13,388	
Bike trail	15,107	
Board of health information grant	1,947	
IWISH technology grant	8,652	
Economic development	5,510	
Tobacco settlement	10,233	
Transit operating assistance grant	68,243	
Habitat stamp grant	75,000	
Other	<u>16,396</u>	
	<u>336,195</u>	

State tax replacements:

State tax credits	181,872	
State allocation	<u>59,716</u>	
	<u>241,588</u>	

Direct federal grants and entitlements:

Emergency food and shelter	<u>5,736</u>	
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Schedule 1

Jones County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues (continued):

Intergovernmental:

Contributions and reimbursements from
other governmental units:

Contract law enforcement	118,818	
Election reimbursements	19,508	
Prisoner care	138,930	
Court fees	12,226	
Other	49,220	
	<u>338,702</u>	953,447

Licenses and permits

27,862

Charges for service:

Office fees and collections	166,533	
Auto license, use tax and postage	126,515	
Camping fees	37,811	
Other	52,569	
	<u>383,428</u>	383,428

Use of money and property:

Interest on investments	203,005	
Land, building and equipment rent	21,362	
	<u>224,367</u>	224,367

Fines, forfeitures and defaults

3,556

Miscellaneous:

Contributions and donations	3,035	
Sale of commodities	1,260	
Miscellaneous	29,306	
	<u>33,601</u>	33,601
Total revenues		<u>3,983,633</u>

Jones County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Expenditures:	
Operating:	
Public safety	1,459,596
Court services	25,097
Physical health and education	173,548
Social services	281,265
County environment	374,541
Roads and transportation	127,090
State and local government services	336,206
Interprogram services	974,493
Non-program	30,238
Total expenditures	<u>3,782,074</u>
Excess of revenues over expenditures	<u>201,559</u>
Other financing sources (uses):	
Sale of general fixed assets	2,712
Operating transfers in (out):	
Special Revenue:	
Secondary Roads	(35,000)
Special Law Enforcement	849
Jones Elderly Transportation System	(33,424)
Total other financing sources (uses)	<u>(64,863)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	136,696
Fund balance beginning of year	<u>1,050,026</u>
Fund balance end of year	<u><u>\$ 1,186,722</u></u>

See accompanying independent auditor's report.

Schedule 2

Jones County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Public Safety Service Area:

Law enforcement:

Uniformed patrol services	\$ 416,755	
Investigations	66,552	
Contract law enforcement	85,959	
Law enforcement communication	221,225	
Adult correction services	311,128	
Administration	150,742	
	<u>1,252,361</u>	

Legal services:

Criminal prosecution	177,252	
Medical examinations	17,078	
Child support recovery	2,026	
	<u>196,356</u>	

Emergency services:

Ambulance services	5,122	
Emergency management	5,757	
	<u>10,879</u>	\$ 1,459,596

Court Services Service Area:

Assistance to judges and magistrates:

Research and other assistance	9,488	
	<u>9,488</u>	

Court proceedings:

Juries and witnesses	84	
Service of civil papers	7,149	
	<u>7,233</u>	

Juvenile justice administration:

Juvenile representation services	1,488	
Court-appointed attorneys and court costs for juveniles	6,888	
	<u>8,376</u>	25,097

Jones County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Physical Health and Education Service Area:

Physical health services:

Personal and family health services	68,614	
Sanitation	67,545	
	<u>136,159</u>	

Educational services:

Historic preservation	8,400	
Fairgrounds	23,661	
Memorial halls	5,328	
	<u>37,389</u>	173,548

Social Services Service Area:

Services to the poor:

Administration	49,827	
General welfare services	12,995	
Care in County Care Facility	66	
	<u>62,888</u>	

Services to military veterans:

Administration	5,673	
General services to veterans	1,537	
	<u>7,210</u>	

Children and family services:

Youth guidance	63,877	
Family protective services	24,700	
	<u>88,577</u>	

Services to other adults:

Services to the elderly	104,051	
	<u>104,051</u>	

Chemical dependency:

Treatment services	18,539	281,265
	<u>18,539</u>	

Schedule 2

Jones County

General Fund

Statement of Expenditures

Year ended June 30, 2002

County Environmental Service Area:		
Environmental quality:		
Solid waste disposal	<u>3,000</u>	
Conservation and recreation services:		
Administration	86,276	
Maintenance and operations	176,550	
Recreation and environmental education	<u>41,879</u>	
	<u>304,705</u>	
Animal control:		
Animal shelter	<u>3,640</u>	
County development:		
Land use and building controls	43,304	
Economic development	<u>19,892</u>	
	<u>63,196</u>	374,541
Roads and Transportation Service Area:		
Mass transit:		
Ground transportation		127,090
State and Local Government Services Service Area:		
Representation services:		
Elections administration	63,999	
Local elections	18,686	
Township officials	<u>3,235</u>	
	<u>85,920</u>	
State administrative services:		
Motor vehicle registrations and licensing	126,363	
Recording of public documents	<u>123,923</u>	
	<u>250,286</u>	336,206
Interprogram Services Service Area:		
Policy and administration:		
General County management	191,871	
Administrative management services	151,942	
Treasury management services	104,995	
Other policy and administration	<u>33,733</u>	
	<u>482,541</u>	

Jones County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Interprogram Services Service Area (continued):

Central services:

General services	268,873	
Data processing services	29,898	
	<u>298,771</u>	

Risk management services:

Tort liability	80,175	
Safety of workplace	94,412	
Fidelity of public officials	1,115	
Unemployment compensation	17,479	
	<u>193,181</u>	974,493

Non-program Service Area:

County farm	2,011	
Economic development grant pass-through	28,227	<u>30,238</u>

Total		<u><u>\$ 3,782,074</u></u>
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See accompanying independent auditor's report.

Jones County
Special Revenue Funds
Combining Balance Sheet
June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Assets			
Cash and pooled investments:			
County Treasurer	\$ 179,516	4,028,755	735,213
Community Care Incorporated	-	-	64,543
Receivables:			
Property tax:			
Delinquent	1,271	-	1,295
Succeeding year	964,000	-	829,000
Accounts	-	350	11,680
Due from other funds	-	2,656	-
Due from other governments	23,833	335,273	22,205
Prepaid expenditures	-	71,054	-
Inventories	-	270,898	-
Total assets	\$ 1,168,620	4,708,986	1,663,936
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ -	187,886	116,292
Salaries and benefits payable	-	52,027	7,623
Due to other governments	-	3,752	159,351
Deferred revenue:			
Succeeding year property tax	964,000	-	829,000
Other	1,269	12,511	1,287
Compensated absences	-	24,195	2,768
Total liabilities	965,269	280,371	1,116,321
Fund equity:			
Fund balances:			
Reserved for:			
Prepaid expenditures	-	71,054	-
Inventories	-	270,898	-
Unreserved:			
Designated for roads and bridges	-	736,673	-
Designated for capital improvements	-	-	64,543
Undesignated	203,351	3,349,990	483,072
Total fund equity	203,351	4,428,615	547,615
Total liabilities and fund equity	\$ 1,168,620	4,708,986	1,663,936

See accompanying independent auditor's report.

County Recorder's Records Management	Jail Commissary	Special Law Enforcement Proceeds	Resource Enhancement and Protection	Total
7,555	3,593	251	13,450	4,968,333
-	-	-	-	64,543
-	-	-	-	2,566
-	-	-	-	1,793,000
-	-	-	-	12,030
-	389	-	-	3,045
-	-	-	-	381,311
-	-	-	-	71,054
-	-	-	-	270,898
7,555	3,982	251	13,450	7,566,780
-	-	-	69	304,247
-	-	-	116	59,766
-	-	-	161	163,264
-	-	-	-	1,793,000
-	-	-	-	15,067
-	-	-	-	26,963
-	-	-	346	2,362,307
-	-	-	-	71,054
-	-	-	-	270,898
-	-	-	-	736,673
-	-	-	-	64,543
7,555	3,982	251	13,104	4,061,305
7,555	3,982	251	13,104	5,204,473
7,555	3,982	251	13,450	7,566,780

Jones County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	<u>Rural Services</u>	<u>Secondary Roads</u>
Revenues:		
Property and other County tax:		
Property tax	\$ 841,986	-
Local option sales tax	131,543	394,628
Utility tax replacement excise tax	29,177	-
Other	1,509	-
	<u>1,004,215</u>	<u>394,628</u>
Intergovernmental:		
State shared revenues:		
Road use tax	-	2,959,367
State grants and reimbursements including indirect federal funding:		
Social services block grant	-	-
Mental health/mental retardation allocation	-	-
Resource enhancement and protection grant	-	-
Other	-	15,618
	<u>-</u>	<u>15,618</u>
State tax replacements:		
State tax credits	66,063	-
State allocation	-	81,557
Mental health property tax relief	-	-
Mental health allowable growth	-	-
	<u>66,063</u>	<u>81,557</u>
Direct federal grants and entitlements:		
Medicaid case management	-	-
Contributions and reimbursements from other governmental units		
	-	62,911
	<u>66,063</u>	<u>3,119,453</u>

Mental Health	Jones Elderly Transportation System	County Recorder's Records Management	Jail Commissary	Special Law Enforcement Proceeds	Resource Enhancement and Protection	Total
784,168	-	-	-	-	-	1,626,154
-	-	-	-	-	-	526,171
32,833	-	-	-	-	-	62,010
2,925	-	-	-	-	-	4,434
819,926	-	-	-	-	-	2,218,769
-	-	-	-	-	-	2,959,367
86,378	-	-	-	-	-	86,378
211,752	-	-	-	-	-	211,752
-	-	-	-	-	7,733	7,733
579	16,930	-	-	-	-	33,127
298,709	16,930	-	-	-	7,733	338,990
64,385	-	-	-	-	-	130,448
-	-	-	-	-	-	81,557
599,970	-	-	-	-	-	599,970
96,921	-	-	-	-	-	96,921
761,276	-	-	-	-	-	908,896
252,896	-	-	-	-	-	252,896
10,072	9,649	-	-	-	-	82,632
1,322,953	26,579	-	-	-	7,733	4,542,781

Jones County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2002

	<u>Rural Services</u>	<u>Secondary Roads</u>
Revenues (continued):		
Licenses and permits	-	14,229
Charges for service:		
Other	-	109
Use of money and property:		
Interest on investments	-	-
Miscellaneous:		
Sale of materials	-	837
Other	1	9,969
Total revenues	<u>1,070,279</u>	<u>3,539,225</u>
Expenditures:		
Operating:		
Public Safety Service Area:		
Law enforcement:		
Adult correctional services	-	-
Physical Health and Education Service Area:		
Educational services:		
Libraries	<u>124,072</u>	-
Mental Health Service Area:		
Persons with mental health problems-mental illness:		
Information and education services	-	-
Coordination services	-	-
Treatment services	-	-
Licensed or certified living arrangements	-	-
Institutional, hospital and commitment services	-	-
	<u>-</u>	<u>-</u>

Mental Health	Jones Elderly Transportation System	County Recorder's Records Management	Jail Commissary	Special Law Enforcement Proceeds	Resource Enhancement and Protection	Total
-	-	-	-	-	-	14,229
15,297	21,899	4,604	-	-	-	41,909
-	-	107	-	8	228	343
-	-	-	-	-	-	837
1,265	200	-	9,727	-	-	21,162
1,265	200	-	9,727	-	-	21,999
2,159,441	48,678	4,711	9,727	8	7,961	6,840,030
-	-	-	5,745	-	-	5,745
-	-	-	-	-	-	124,072
7,008	-	-	-	-	-	7,008
15,442	-	-	-	-	-	15,442
37,580	-	-	-	-	-	37,580
1,031	-	-	-	-	-	1,031
29,195	-	-	-	-	-	29,195
90,256	-	-	-	-	-	90,256

Jones County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	<u>Rural</u> <u>Services</u>	<u>Secondary</u> <u>Roads</u>
Expenditures (continued):		
Operating:		
Mental Health Service Area:		
Persons with chronic mental illness:		
Coordination services	-	-
Personal and environmental support	-	-
Treatment services	-	-
Vocational and day services	-	-
Licensed or certified living arrangements	-	-
Institutional, hospital and commitment services	-	-
	<u>-</u>	<u>-</u>
Persons with mental retardation:		
Coordination services	-	-
Personal and environmental support	-	-
Vocational and day services	-	-
Licensed or certified living arrangements	-	-
Institutional, hospital and commitment services	-	-
	<u>-</u>	<u>-</u>
Person with other developmental disabilities:		
Coordination services	-	-
Personal and environmental support	-	-
Vocational and day services	-	-
Licensed or certified living arrangements	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Mental Health	Jones Elderly Transportation System	County Recorder's Records Management	Jail Commissary	Special Law Enforcement Proceeds	Resource Enhancement and Protection	Total
79,715	-	-	-	-	-	79,715
5,652	-	-	-	-	-	5,652
21,835	-	-	-	-	-	21,835
23,741	-	-	-	-	-	23,741
334,194	-	-	-	-	-	334,194
5,198	-	-	-	-	-	5,198
470,335	-	-	-	-	-	470,335
169,162	-	-	-	-	-	169,162
43,695	-	-	-	-	-	43,695
299,570	-	-	-	-	-	299,570
757,379	-	-	-	-	-	757,379
286,453	-	-	-	-	-	286,453
1,556,259	-	-	-	-	-	1,556,259
13,035	-	-	-	-	-	13,035
3,058	-	-	-	-	-	3,058
15,173	-	-	-	-	-	15,173
8,302	-	-	-	-	-	8,302
39,568	-	-	-	-	-	39,568
2,156,418	-	-	-	-	-	2,156,418

Jones County
 Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Year ended June 30, 2002

	Rural Services	Secondary Roads
Expenditures (continued):		
Operating:		
County Environment Service Area:		
Environmental quality:		
Natural resource conservation	2,000	-
Solid waste disposal	21,850	-
	23,850	-
County development:		
Economic development	15,560	-
	15,560	-
Conservation and recreation services:		
Administration	-	-
Maintenance and operations	-	-
Recreation and environment education	-	-
	-	-
	39,410	-
Roads and Transportation Service Area:		
Secondary roads administration and engineering:		
Administration	-	222,090
Engineering	-	378,458
	-	600,548
Roadway maintenance:		
Bridges and culverts	-	45,447
Roads	-	1,299,183
Snow and ice control	-	128,196
Traffic controls	-	106,090
Road clearing	-	198,848
	-	1,777,764
Mass transit:		
Ground transportation	-	-
	-	1,777,764

Mental Health	Jones Elderly Transportation System	County Recorder's Records Management	Jail Commissary	Special Law Enforcement Proceeds	Resource Enhancement and Protection	Total
-	-	-	-	-	-	2,000
-	-	-	-	-	-	21,850
-	-	-	-	-	-	23,850
-	-	-	-	-	-	15,560
-	-	-	-	-	2,684	2,684
-	-	-	-	-	1,653	1,653
-	-	-	-	-	3,376	3,376
-	-	-	-	-	7,713	7,713
-	-	-	-	-	7,713	47,123
-	-	-	-	-	-	222,090
-	-	-	-	-	-	378,458
-	-	-	-	-	-	600,548
-	-	-	-	-	-	45,447
-	-	-	-	-	-	1,299,183
-	-	-	-	-	-	128,196
-	-	-	-	-	-	106,090
-	-	-	-	-	-	198,848
-	-	-	-	-	-	1,777,764
-	84,998	-	-	-	-	84,998
-	84,998	-	-	-	-	1,862,762

Jones County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	<u>Rural Services</u>	<u>Secondary Roads</u>
Expenditures (continued):		
Operating:		
Roads and Transportation Service Area:		
General roadway:		
Equipment	-	91,547
Equipment operations	-	601,567
Tools, materials, and supplies	-	203,200
Real estate and buildings	-	32,607
	<u>-</u>	<u>928,921</u>
	<u>-</u>	<u>3,307,233</u>
State and Local Government Services Service Area:		
State administrative services:		
Recording of public documents	-	-
Capital Projects Service Area:		
Roadway construction	-	366,079
Total expenditures	<u>163,482</u>	<u>3,673,312</u>
Excess (deficiency) of revenues over (under) expenditures	<u>906,797</u>	<u>(134,087)</u>
Other financing sources (uses):		
Operating transfers in (out):		
General	-	35,000
Special Revenue:		
Rural Services	-	962,500
Secondary Roads	<u>(962,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(962,500)</u>	<u>997,500</u>

Mental Health	Jones Elderly Transportation System	County Recorder's Records Management	Jail Commissary	Special Law Enforcement Proceeds	Resource Enhancement and Protection	Total
-	-	-	-	-	-	91,547
-	-	-	-	-	-	601,567
-	-	-	-	-	-	203,200
-	-	-	-	-	-	32,607
-	-	-	-	-	-	928,921
-	84,998	-	-	-	-	3,392,231
-	-	1,435	-	-	-	1,435
-	-	-	-	-	-	366,079
2,156,418	84,998	1,435	5,745	-	7,713	6,093,103
3,023	(36,320)	3,276	3,982	8	248	746,927
-	33,424	-	-	(849)	-	67,575
-	-	-	-	-	-	962,500
-	-	-	-	-	-	(962,500)
-	33,424	-	-	(849)	-	67,575

Jones County
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2002

	Rural Services	Secondary Roads
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(55,703)	863,413
Fund balances beginning of year	259,054	3,484,873
Increase (decrease) in reserve for:		
Prepaid expenditures	-	(3,229)
Inventories	-	83,558
Fund balances end of year	\$ 203,351	4,428,615

See accompanying independent auditor's report.

Mental Health	Jones Elderly Transportation System	County Recorder's Records Management	Jail Commissary	Special Law Enforcement Proceeds	Resource Enhancement and Protection	Total
3,023	(2,896)	3,276	3,982	(841)	248	814,502
544,592	2,896	4,279	-	1,092	12,856	4,309,642
-	-	-	-	-	-	(3,229)
-	-	-	-	-	-	83,558
547,615	-	7,555	3,982	251	13,104	5,204,473

Jones County
Trust and Agency Funds
Combining Balance Sheet
June 30, 2002

	Expendable Trust	County Offices				
		Conservation Land Acquisition	County Auditor	County Recorder	County Sheriff	County Treasurer
Assets						
Cash and pooled investments:						
County Treasurer	\$ 3,346	-	-	-	-	-
Other County officials	-	25	416	177,766	103	50
Receivables:						
Property tax:						
Delinquent	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Accrued interest	-	-	465	-	-	-
Special assessments	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Total assets	\$ 3,346	25	881	177,766	103	50
Liabilities and Fund Equity						
Liabilities:						
Accounts payable	\$ -	-	-	-	-	-
Salaries and benefits payable	-	-	-	-	-	-
Due to other funds	-	25	793	1,489	103	50
Due to other governments	-	-	88	-	-	-
Trusts payable	-	-	-	176,277	-	-
Compensated absences	-	-	-	-	-	-
Total liabilities	-	25	881	177,766	103	50
Fund equity:						
Unreserved fund balance	3,346	-	-	-	-	-
Total liabilities and fund equity	\$ 3,346	25	881	177,766	103	50

Agency Funds								
Jones Elderly Transportation System	County Conservation	County Attorney	County Engineer	County Relief	Agricultural Extension Education	County Assessor	Schools	
-	-	-	-	-	1,178	151,072	139,276	
25	50	25	200	50	-	-	-	
-	-	-	-	-	110	484	14,106	
-	-	-	-	-	70,000	310,000	9,050,000	
-	-	-	-	-	-	24	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
25	50	25	200	50	71,288	461,580	9,203,382	
-	-	-	-	-	-	530	-	
-	-	-	-	-	-	5,817	-	
25	50	25	200	50	-	-	-	
-	-	-	-	-	71,288	452,639	9,203,382	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	2,594	-	
25	50	25	200	50	71,288	461,580	9,203,382	
-	-	-	-	-	-	-	-	
25	50	25	200	50	71,288	461,580	9,203,382	

Jones County
Trust and Agency Funds
Combining Balance Sheet
June 30, 2002

	Community Colleges	Corporations	Townships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
Assets					
Cash and pooled investments:					
County Treasurer	6,273	39,431	2,748	258,720	52
Other County officials	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	669	3,767	252	-	4
Succeeding year	429,000	3,041,000	167,000	-	3,000
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	435,942	3,084,198	170,000	258,720	3,056
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	-	-	-	-	-
Salaries and benefits payable	-	-	-	-	-
Due to other funds	-	-	-	8,434	-
Due to other governments	435,942	3,084,198	170,000	250,286	3,056
Trusts payable	-	-	-	-	-
Compensated absences	-	-	-	-	-
Total liabilities	435,942	3,084,198	170,000	258,720	3,056
Fund equity:					
Unreserved fund balance	-	-	-	-	-
Total liabilities and fund equity	435,942	3,084,198	170,000	258,720	3,056

See accompanying independent auditor's report.

Agency Funds								
Olin Benefited Fire District	E911 Surcharge	Emergency Management Services	Senior Dining	City Special Assess- ments	Anatomical Gift Public Awareness and Transportation	Advanced Empowerment	Taxes	Total
197	155,206	7,189	24,928	-	26	4,797	-	794,439
-	-	-	-	-	-	-	-	178,710
-	-	-	-	-	-	-	-	19,392
13,000	-	-	-	-	-	-	-	13,083,000
-	28,942	-	9,155	-	-	-	-	38,121
-	292	-	-	-	-	-	-	757
-	-	-	-	47,000	-	-	-	47,000
-	-	-	8,360	-	-	5,409	-	13,769
13,197	184,440	7,189	42,443	47,000	26	10,206	-	14,175,188
-	3,808	2,750	12,370	-	-	-	-	19,458
-	-	-	3,332	-	-	2,614	-	11,763
-	-	-	-	-	-	-	-	11,244
13,197	180,479	4,337	26,204	47,000	26	7,592	-	13,949,714
-	-	-	-	-	-	-	-	176,277
-	153	102	537	-	-	-	-	3,386
13,197	184,440	7,189	42,443	47,000	26	10,206	-	14,171,842
-	-	-	-	-	-	-	-	3,346
13,197	184,440	7,189	42,443	47,000	26	10,206	-	14,175,188

Jones County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year Ended June 30, 2002

	County Offices				
	Board of Supervisors	County Auditor	County Recorder	County Sheriff	County Treasurer
Assets and Liabilities					
Balance beginning of year	\$ -	25	1,794	101,754	86
Additions:					
Property and other County tax	-	-	-	-	-
E911 surcharge	-	-	-	-	-
State tax credits	-	-	-	-	-
Office fees and collections	-	-	219,573	57,103	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	-	333,140	-
Miscellaneous	-	-	-	-	17
Total additions	-	-	219,573	390,243	17
Deductions:					
Agency Remittances:					
To other funds	-	-	121,056	66,034	-
To other governments	-	-	98,117	310	-
Trusts paid out	-	-	1,313	247,887	-
Total deductions	-	-	220,486	314,231	-
Balance end of year	\$ -	25	881	177,766	103

Sanitarian	Jones Elderly Transportation System	County Conservation	County Attorney	County Engineer	County Relief	Agricultural Extension Education	County Assessor	Schools
50	25	50	25	200	50	71,378	336,919	8,578,940
-	-	-	-	-	-	69,680	310,132	9,053,729
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	5,469	16,165	650,405
-	-	-	-	-	-	-	24	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,175	-
-	-	-	-	-	-	75,149	330,496	9,704,134
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	75,239	205,835	9,079,692
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	75,239	205,835	9,079,692
50	25	50	25	200	50	71,288	461,580	9,203,382

Jones County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	Community Colleges	Corpora- tions	Townships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
Assets and Liabilities					
Balance beginning of year	378,027	2,791,807	164,995	289,550	3,058
Additions:					
Property and other County tax	428,814	3,081,538	166,139	-	3,064
E911 surcharge	-	-	-	-	-
State tax credits	29,102	204,432	12,069	-	241
Office fees and collections	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	3,843,591	-
Assessments	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	457,916	3,285,970	178,208	3,843,591	3,305
Deductions:					
Agency Remittances:					
To other funds	-	-	-	122,461	-
To other governments	400,001	2,993,579	173,203	3,751,960	3,307
Trusts paid out	-	-	-	-	-
Total deductions	400,001	2,993,579	173,203	3,874,421	3,307
Balance end of year	435,942	3,084,198	170,000	258,720	3,056

See accompanying independent auditor's report.

Olin Benefited Fire District	E911 Surcharge	Emergency Management Services	Senior Dining	City Special Assess- ments	Anatomical Gift Public Awareness and Transportation	Advanced Empowerment	Taxes	Total
12,419	240,089	8,126	-	60,161	9	5,000	542	13,045,079
13,027	-	-	-	-	-	-	-	13,126,123
-	122,993	-	-	-	-	-	-	122,993
948	-	-	-	-	-	-	-	918,831
-	-	-	-	-	-	-	-	276,700
-	-	-	-	-	223	-	-	3,843,814
-	-	-	-	7,226	-	-	-	7,226
-	-	-	-	-	-	-	-	333,140
-	8,791	13,681	228,990	-	-	45,937	2,594	304,185
13,975	131,784	13,681	228,990	7,226	223	45,937	2,594	18,933,012
-	-	-	-	-	-	-	-	309,551
13,197	187,433	14,618	186,547	20,387	206	40,731	3,136	17,247,498
-	-	-	-	-	-	-	-	249,200
13,197	187,433	14,618	186,547	20,387	206	40,731	3,136	17,806,249
13,197	184,440	7,189	42,443	47,000	26	10,206	-	14,171,842

Schedule 7

Jones County

Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
Taxes:				
Property tax	\$ 3,841,214	\$ 3,653,523	3,559,174	3,363,869
Local option sales tax	526,171	572,876	290,764	-
Utility tax replacement excise tax	154,753	149,411	-	-
Other	12,699	12,276	10,903	12,138
	<u>4,534,837</u>	<u>4,388,086</u>	<u>3,860,841</u>	<u>3,376,007</u>
Intergovernmental:				
State shared revenues:				
Road use tax	2,959,367	2,837,924	2,879,197	2,464,909
Franchise tax	26,451	29,783	24,925	30,074
Other	4,775	4,158	11,629	3,312
State grants and reimbursements including indirect federal funding:				
Human services administrative reimbursements	44,998	39,681	30,589	24,173
Child support enforcement	-	-	-	14,431
Public health nursing and homemaker grants	75,297	73,509	80,695	76,714
Social services block grant	86,378	88,256	89,051	88,131
State construction reimbursements	-	-	-	66,041
Federal emergency management assistance	-	-	79,896	43,781
Mental health/mental retardation allocation	121,542	121,542	121,542	121,542
Resource enhancement and protection grant	7,733	11,615	11,504	9,944
Habitat stamp grant	75,000	-	-	-
Other	174,027	209,850	66,919	97,181
State tax replacements:				
State tax credits	312,320	321,174	304,372	281,759
State allocation	141,273	145,680	146,099	145,926
Mental health property tax relief	599,970	599,969	599,969	599,969
Mental health allowable growth	187,131	183,045	100,182	89,944
Direct federal grants and entitlements:				
Public Safety Partnership and Community Policing Program	-	-	-	2,512
Medicaid case management	252,896	165,490	132,457	145,543
Watershed protection and flood prevention	-	-	48,611	-
Other	5,736	5,254	6,203	2,373
Contributions and reimbursements from other governmental units:				
Contract law enforcement	118,818	94,613	95,063	94,913
Election reimbursements	19,508	8,105	13,299	13,390
Prisoner care	138,930	119,885	91,485	74,745
Court fees	12,226	10,707	10,568	7,310
Other	131,852	134,506	58,133	36,141
	<u>5,496,228</u>	<u>5,204,746</u>	<u>5,002,388</u>	<u>4,534,758</u>
Total	<u>\$ 10,031,065</u>	<u>9,592,832</u>	<u>8,863,229</u>	<u>7,910,765</u>

See accompanying independent auditor's report.



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Officials of Jones County:

We have audited the general purpose financial statements of Jones County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 3, 2002. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Jones County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for item (2).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jones County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Jones County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe any of the reportable conditions described above are material weaknesses. Prior year reportable conditions have been resolved except for items (A), (B), and (C).

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Jones County and other parties to whom the County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Jones County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 3, 2002

Jones County
Schedule of Findings
Year ended June 30, 2002

Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

- (A) Electronic Data Processing Systems - The following weaknesses in the County's computer based system were noted:

The County does not have written policies for changing passwords regularly, password privacy and confidentiality.

A time out and/or log off function is not utilized, nor does the County use a screen saver password.

Recommendation - The County should review its control activities and establish policies pertaining to its electronic data processing system.

Response - The County is working toward compiling written data processing policies which will address the recommendations received.

Conclusion - Response accepted

- (B) County Extension Office Segregation of Duties - During our review of internal control, the existing control activities are evaluated in order to determine that incompatible duties, from a standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the Extension Office's financial statement. Generally one or two individuals may have control over collecting, depositing, posting and reconciling of receipts are not segregated.

Recommendation - We realize that with a limited number of employees, segregation of duties is difficult. However, the control activities should be reviewed to obtain the maximum internal control possible under the circumstances. Current personnel should be utilized to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature to the reviewer and the date of the review.

Jones County

Schedule of Findings

Year ended June 30, 2002

Response - I will continue to emphasize to the Jones County Extension Council the need to give further attention to these requirements of the code.

We initiated steps to separate duties during the past year by:

- 1) having myself (County Extension Education Director) review all bank deposits at the time of transaction. This was evidenced by initialing the office deposit receipt book.
- 2) having myself (County Extension Education Director) open and review all bank statements including canceled checks and reconciliation statements.
- 3) having the Extension Council Treasurer verify, sign, and date the monthly reconciliation reports.

Additional steps that will be initiated in the future:

- 1) have the County Extension Education Director date the initialing process in the receipt book.
- 2) have the County Extension Education Director initial and date all bank statements as they are opened and verified.

Conclusion - Response accepted.

- (C) County Extension Office - The ending balance for cash on the financial statement did not agree with the book balance by \$184. In addition, \$1,047 currently reported in an agency fund should be combined with the operating fund.

Recommendation - The financial statements and accounting records be reviewed by an independent individual to identify and resolve these types of discrepancies. Also, the agency fund should be combined with the operating fund.

Response - During the past year, the ISU Extension Budget Support Technicians did inspect our Quicken records and made adjustments so as to clear up all discrepancies at that time. Since then, our local Office Assistant has kept in close contact with the Budget Support Technician so as to help alleviate recording problems as they arise. We were satisfied that the miscalculations were internal Quicken errors and not discrepancies in our bank reconciliation. A revised report was filed with the County Auditor. We intend to place greater emphasis on proofreading future reports prior to publication.

In regards to the Agency and Operating Accounts, we will work towards combining the two accounts as we feel more confident that we have a complete working knowledge of the process through the Quicken software.

Conclusion - Response accepted

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories - A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.
- (2) Certified Budget - Disbursements during the year ended June 30, 2002 exceeded the amount budgeted in the Public Safety Service Area.

Jones County

Schedule of Findings

Year ended June 30, 2002

Recommendation - The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The Public Safety Service Area budget was exceeded by \$47 after a journal entry was made during year-end clean up work in July to move \$153 of health insurance disbursements for the jailer/dog catcher from the County Environment Service Area to the Public Safety Service Area. Because this corrective journal entry was made in July, it was not possible to make the required legal publications in the official county newspapers to amend the county budget prior to June 30.

Conclusion - Response accepted.

- (3) Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (5) Business Transactions - The following business transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Jeanine Sulzner, County Auditor, husband owns K. Sulzner Construction	Care facility rental house repair, per bid	\$19,617
Nanci Null, Secretary in the County Attorney's Office, husband owns Blade Pest Control, Inc.	Pest control service	\$ 348
Keith Dirks, County Supervisor, owns Keith Dirks Painting	Care facility rental house repair	\$ 1,423
Marcus Simox, County Jailer	Building repair	\$ 345

In accordance with Chapter 331.342(3) of the Code of Iowa, the transactions with K. Sulzner Construction do not appear to represent conflicts of interest since the transactions were publicly bid.

In accordance with Chapter 331.342(10) of the Code of Iowa, the other transactions do not appear to represent conflicts of interest since total transactions for each individual were less than \$1,500 during the fiscal year.

Jones County

Schedule of Findings

Year ended June 30, 2002

- (6) Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all surety bond coverage should be periodically reviewed to ensure that the coverage is adequate for current operations.
- (7) Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County's investment policy were noted.
- (9) Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (10) County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2002 for the County Extension Office did not exceed the amount budgeted.

Jones County

Staff

This audit was performed by:

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